

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-06 AID-05

EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 /103 W

-----064685 060458Z /21

R 060413Z JUL 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 8034

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

USMISSION GENEVA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ASEAN, EGEN, EINV, ETRD, PFOR, SN

SUBJ: FOURTH ASEAN ECONOMIC MINISTERS' MEETING, SINGAPORE,

JUNE 27-29, 1977

REF. A. SINGAPORE 2735; B. SINGAPORE 2766

1. SUMMARY. EMBASSY OFFICERS HAVE NOW HAD OPPORTUNITY TO SPEAK WITH A NUMBER OF GOS OFFICIALS ABOUT SUBJECT MEETING. CONSIDERING BREVITY OF THEIR REMARKS AND LACK OF SPECIFICITY, GENERAL IMPRESSION WE RECEIVED IS THAT MEETING ACHIEVED ONLY MINOR PROGRESS. NEVERTHELESS, GOS APPEARS HOPEFUL THAT SUBSEQUENT MEETINGS WILL BE ABLE TO ACHIEVE FURTHER FORWARD MOVEMENT. END SUMMARY.

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2. REGARDING PREFERENTIAL TRADING ARRANGEMENTS (PTA), IT SEEMS THAT ONLY SOME OF 71 PRODUCTS IDENTIFIED BY MINISTERS (PARA 8 OF JOINT PRESS RELEASE -- REF B) WILL ENJOY TARIFF CUTS (ACCORDING TO PERMSEC, MINISTRY OF FINANCE, PREFERENCES ON SEVERAL OF PRODUCTS CONSIST OF LONG-TERM GOVERNMENT PURCHASE CONTRACTS). WHILE LOCAL PRESS REPORTS INDICATED THAT TARIFF CUTS ON PRODUCTS

RANGED FROM 10-30 PERCENT, MFA SOURCE TOLD US THAT ALL TARIFF CONCESSIONS, WITH ONLY ONE OR TWO EXCEPTIONS, ENTAILED 10 PERCENT CUTS (LIST OF 71 ITEMS BEING RESERVED FOR RELEASE AT KUALA LUMPUR SUMMIT). SAME MFA SOURCE SAID PROGRESS IN THIS AREA, COVERING ROUGHLY US\$150 MILLION OF INTRA-ASEAN TRADE, WAS QUITE MODEST BUT THAT HE FELT IT CONSTITUTED "PSYCHOLOGICAL BREAKTHROUGH". FINANCE MINISTER HON SUI SEN ECHOED THIS SENTIMENT AT AMBASSADOR'S JULY 4 RECEPTION COMMENTING ON PTA SPECIFICALLY AND ON ACHIEVEMENTS OF MEETING GENERALLY. HON LIKENED GOS TO OWNER OF A RACING CAR WHICH WAS TRYING TO SET OFF ON A JOURNEY WITH OTHERS WHO ONLY HAD MODEL TS AND WERE SEEMINGLY CONTENT WITH DRIVING THEM. HOWEVER, HE TOO VIEWED PTA OUTCOME WITH GUARDED OPTIMISM AND IS HOPEFUL THAT NOW THAT BALL HAS BEEN GOTTEN ROLLING, ECONOMIC MINISTERS WILL BE ABLE TO ADD AT LEAST 50 ADDITIONAL PRODUCTS TO ELIGIBLE LIST AT EACH OF THEIR SUBSEQUENT MEETINGS. NOTING THAT ECONOMIC MINISTERS HAD MET FORMALLY FOUR TIMES IN THE 15 MONTHS SINCE THE BALI SUMMIT, HON SPECULATED THAT REAL PROGRESS COULD BE MADE OVER THE NEXT ONE TO TWO YEARS IF SUCH A PACE PROVES FEASIBLE.

3. REGARDING THE ASEAN INDUSTRIAL PROJECTS, CLEARLY NO FORWARD MOVEMENT WAS ACHIEVED. WHILE PLANS FOR INDONESIA'S UREA FACILITY, PREVIOUSLY A NATIONAL PROJECT, SEEM WELL ADVANCED, THE OTHER PROJECTS ARE STILL VERY MUCH A SUBJECT OF STUDY; AND IN THE CASE OF THE PHILIPPINES, DEVELOPMENTS IN THE WORLD FERTILIZER MARKET APPEAR TO HAVE DIMINISHED ATTRACTION OF SUPER PHOSPHATE PROJECT LIMITED OFFICIAL USE

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TO VANISHING POINT. AND SINGAPORE'S DIESEL ENGINE PROJECT APPEARS TO BE HOSTAGE TO MANUFACTURING CAPABILITIES IN THIS FIELD OF OTHER ASEAN COUNTRIES (SEE ALSO SINGAPORE 2826).

4. ON THE SUBJECT OF USG-ASEAN CONSULTATIONS, OUR MFA SOURCE INDICATED THAT A DECISION HAD BEEN REACHED NOT TO PRESS THE USG FOR "AID" OR "ASSISTANCE" IN SEPTEMBER BUT RATHER TO REQUEST ADDITIONAL CONCESSIONS IN TRADE FIELD. HE WOULD NOT ELABORATE ON HIS STATEMENT OTHER THAN TO SAY THAT CONSENSUS WAS THAT "TRADE AND NOT AID" WAS LIKELY TO BE OF GREATEST ASSISTANCE TO ASEAN COUNTRIES WHILE AT SAME TIME CONTRIBUTING TO DEVELOPMENT OF GOOD RELATIONSHIP.

5. OTHER REPUTED ACHIEVEMENTS OF MINISTERS' MEETING, SUCH AS EARLY CONSTRUCTION OF ASEAN SUBMARINE CABLE SYSTEM AND CREATION OF A US\$100 MILLION SWAP ARRANGEMENT (PARAS 12 AND 13 OF JOINT PRESS RELEASE -- REF B), WERE NOT MENTIONED BY OUR INTERLOCUTORS. THIS DOES NOT MEAN THEY ARE NOT VIEWED AS BEING IMPORTANT; RATHER, IT REFLECTS GOS VIEW, WE BELIEVE, THAT PROGRESS ON PTA AND INDUSTRIAL PROJECTS ARE CRITERIA AGAINST WHICH ASEAN ECONOMIC COOPERATION MUST BE JUDGED. HOLDRIDGE

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